

Public Disclosure Authorized

OFFICIAL DOCUMENTS

CREDIT NUMBER 6417-VC

Financing Agreement

(First Fiscal Reform and Resilience Development Policy Credit)

between

ST. VINCENT AND THE GRENADINES

and

INTERNATIONAL DEVELOPMENT ASSOCIATION

FINANCING AGREEMENT

AGREEMENT dated as of the Signature Date between ST. VINCENT AND THE GRENADINES (“Recipient”) and INTERNATIONAL DEVELOPMENT ASSOCIATION (“Association”) for the purpose of providing financing in support of the Program (as defined in the Appendix to this Agreement). The Association has decided to provide this financing on the basis, *inter alia*, of: (i) the actions which the Recipient has already taken under the Program and which are described in Section I A of Schedule 1 to this Agreement; and (ii) the Recipient’s maintenance of an adequate macroeconomic policy framework. The Recipient and the Association therefore hereby agree as follows:

ARTICLE I — GENERAL CONDITIONS; DEFINITIONS

- 1.01. The General Conditions (as defined in the Appendix to this Agreement) apply to and form part of this Agreement.
- 1.02. Unless the context requires otherwise, the capitalized terms used in this Agreement have the meanings ascribed to them in the General Conditions or in the Appendix to this Agreement.

ARTICLE II — FINANCING

- 2.01. The Association agrees to extend to the Recipient a credit, which is deemed as Concessional Financing for purposes of the General Conditions, in the amount of thirty million Dollars (US\$30,000,000) (variously, “Credit” and “Financing”).
- 2.02. The Maximum Commitment Charge Rate is one-half of one percent (1/2 of 1%) per annum on the Unwithdrawn Financing Balance.
- 2.03. The Service Charge is the greater of: (a) the sum of three-fourths of one percent (3/4 of 1%) per annum plus the Basis Adjustment to the Service Charge; And (b) three-fourths of one percent (3/4 of 1%) per annum; on the Withdrawn Credit Balance.
- 2.04. The Payment Dates are May 15 and November 15 in each year.
- 2.05. The principal amount of the Credit shall be repaid in accordance with the repayment schedule set forth in Schedule 2 to this Agreement.

- 2.06. The Payment Currency is Dollar.
- 2.07. Without limitation upon the provisions of Section 5.05 of the General Conditions, the Recipient shall promptly furnish to the Association such information relating to the provisions of this Article II as the Association may, from time to time, reasonably request.

ARTICLE III — PROGRAM

- 3.01. The Recipient declares its commitment to the Program and its implementation. To this end, and further to Section 5.05 of the General Conditions:
- (a) the Recipient and the Association shall from time to time, at the request of either party, exchange views on the Recipient's macroeconomic policy framework and the progress achieved in carrying out the Program;
 - (b) prior to each such exchange of views, the Recipient shall furnish to the Association for its review and comment a report on the progress achieved in carrying out the Program, in such detail as the Association shall reasonably request; and
 - (c) without limitation upon the provisions of paragraphs (a) and (b) of this Section, the Recipient shall promptly inform the Association of any situation that would have the effect of materially reversing the objectives of the Program or any action taken under the Program including any action specified in Section I of Schedule 1 to this Agreement.

ARTICLE IV — REMEDIES OF THE ASSOCIATION

- 4.01. The Additional Event of Suspension consists of the following: a situation has arisen which shall make it improbable that the Program, or a significant part of it, will be carried out.
- 4.02. The Additional Event of Acceleration consists of the following: the event specified in Section 4.01 of this Agreement occurs and is continuing for a period of 60 days after notice of the event has been given by the Association to the Recipient.

ARTICLE V — EFFECTIVENESS; TERMINATION

- 5.01. The Additional Condition of Effectiveness consist of the following, namely that the Association is satisfied with the progress achieved by the Recipient in carrying out the Program and with the adequacy of the Recipient's macroeconomic policy framework.

- 5.02. The Effectiveness Deadline is the date ninety (90) days after the Signature Date.
- 5.03. For purposes of Section 10.05 (b) of the General Conditions, the date on which the obligations of the Recipient under this Agreement (other than those providing for payment obligations) shall terminate is twenty years after the Signature Date.

ARTICLE VI — REPRESENTATIVE; ADDRESSES

- 6.01. The Recipient's Representative is the Minister of Finance.
- 6.02. For purposes of Section 11.01 of the General Conditions: (a) the Recipient's address is:

Ministry of Finance, Economic Planning, Sustainable Development and
Information Technology
2nd Floor Administrative Complex
P.O. Box 608
Bay Street,
Kingstown, St. Vincent; and

(b) the Recipient's Electronic Address is:

E-mail: office.finance@mail.gov.vc

- 6.03. For purposes of Section 11.01 of the General Conditions: (a) The Association's address is:

International Development Association
1818 H Street, N.W.
Washington, D.C. 20433
United States of America; and

(b) the Association's Electronic Address is:

Telex:	Facsimile:	E-mail:
248423 (MCI)	1-202-477-6391	
TSayed@worldbank.org		

AGREED as of the Signature Date.

SAINT VINCENT AND THE GRENADINES

By

Lou-Ann Gilchrist
Authorized Representative

Name: H.E. Lou-Ann Gilchrist

Title: Ambassador

Date: June 24, 2019

INTERNATIONAL DEVELOPMENT ASSOCIATION

By

Tahseen Sayed
Authorized Representative

Name: Tahseen Sayed

Title: Country Director, Latin America and Caribbean Region

Date: June 24, 2019

SCHEDULE 1

Program Actions; Availability of Financing Proceeds

Section I. Actions under the Program

The actions taken by the Recipient under the Program include the following:

1. The Recipient, through its Cabinet of Ministers, has required the annual preparation of a medium-term fiscal framework (MTFF), and related timetable for its preparation, that sets fiscal policy targets to anchor the fiscal account on a sustainable path, as evidenced by Memorandum of the Cabinet of Ministers dated July 3rd, 2018.
2. The Recipient, through the House of Assembly, has approved a revised Public Procurement Act, which is aligned with international good practice, as evidenced by the Saint Vincent and the Grenadines Public Procurement Act 2018, Act No. 34 of 2018, dated and published in the Official Gazette on December 31, 2018.
3. The Recipient, through its Minister of Finance, has submitted to the House of Assembly, amendments to the Income Tax Act aimed at addressing transfer pricing issues, as evidenced by the Order Paper from the Saint Vincent and the Grenadines House of Assembly for December 27, 2018.
4. The Recipient, through its Cabinet of Ministers, has issued an order mandating quarterly and annual financial reporting standards and requirements for State Owned Enterprises (SOEs), as evidenced by Memorandum of the Cabinet of Ministers dated February 1st, 2019.
5. The Recipient, through its Cabinet of Ministers, has adopted a partial ban of coastal sand mining and has established a monitoring mechanism for remaining active sites, to gradually implement a sand mining ban and increase coastal resilience, as evidenced by the Memoranda of the Cabinet of Ministers dated May 23, 2018 and April 1, 2019, respectively.
6. The Recipient, through its Cabinet of Ministers, has approved the National Oceans Policy and Strategic Action Plan, with a view to enhancing benefits from the marine environment to sustainable development, and has created the National Ocean Coordinating Committee, to strengthen its capacity for ocean governance and coastal and marine spatial planning, as evidenced by Memorandums of the Cabinet of Ministers dated July 25, 2018, and February 4, 2019.
7. The Recipient, through the Board of the St. Vincent and the Grenadines

Conservation Fund (SVGCF), has (a) by amending its by-laws, strengthened SVGCF for financing and implementing environmental management, ecosystems conservation and climate resilience initiatives, including projects targeting women and girls, and (b) has signed a Partnership Agreement with the Caribbean Biodiversity Fund (CBF) to increase revenue generation for SVGCF, as evidenced by (a) the amended by-laws of the Saint Vincent and the Grenadines Conservation Fund INC. dated September 5, 2018, and (b) by the signed agreement with the CBF.

8. The Recipient, through its Cabinet of Ministers, has adopted the National Fisheries and Aquaculture Policy for improving management, sustainable use and development of fisheries and aquaculture resources and related ecosystems, as evidenced by Memorandum of the Cabinet of Ministers dated January 16, 2019.

Section II. Availability of Financing Proceeds

- A. General.** The Recipient may withdraw the proceeds of the Financing in accordance with the provisions of this Section and such additional instructions as the Association may specify by notice to the Recipient.
- B. Allocation of Financing Amounts.** The Financing is allocated in a single withdrawal tranche, from which the Recipient may make withdrawals of the Financing proceeds. The allocation of the amounts of the Financing to this end is set out in the table below:

Allocations	Amount of the Financing Allocated (expressed in US\$)
(1) Single Withdrawal Tranche	30,000,000
TOTAL AMOUNT	30,000,000

- C. Withdrawal Tranche Release Conditions.**
 1. No withdrawal shall be made of the Single Withdrawal Tranche unless the Association is satisfied: (a) with the Program being carried out by the Recipient; and (b) with the adequacy of the Recipient's macroeconomic policy framework.
- D. Deposit of Financing Amounts.**
 1. The Recipient, within thirty (30) days after the withdrawal of the Financing from the Financing Account, shall report to the Association: (a)

the exact sum received into the account referred to in Section 2.03 (a) of the General Conditions; (b) the details of the account to which the Eastern Caribbean Dollar (XCD) equivalent of the Financing proceeds will be credited; (c) the record that an equivalent amount has been accounted for in the Recipient's budget management systems; and (d) the statement of receipts and disbursement of the account referred to in Section 2.03 (a) of the General Conditions.

- E. Audit.** Upon the Association's request, the Recipient shall:
1. have the proceeds of the Financing audited by independent auditors acceptable to the Association, in accordance with consistently applied auditing standards acceptable to the Association;
 2. furnish to the Association as soon as available, but in any case not later than four months after the date of the Association's request for an audit of the proceeds of the Financing, a certified copy of the report of such audit, of such scope and in such detail as the Association shall reasonably request, and make such report publicly available in a timely fashion and in a manner acceptable to the Association.
 3. furnish to the Association such other information concerning the audit of the proceeds of the Financing as the Association shall reasonably request.
- F. Closing Date.** The Closing Date is December 31, 2019.

SCHEDULE 2

Repayment Schedule

Date Payment Due	Principal Amount of the Credit repayable (expressed as a percentage)*
On each May 15 and November 15: commencing November 15, 2029 to and including May 15, 2039	1%
commencing November 15, 2039 to and including May 15, 2059	2%

* The percentages represent the percentage of the principal amount of the Credit to be repaid, except as the Association may otherwise specify pursuant to Section 3.05 (b) of the General Conditions.

APPENDIX

Definitions

1. “Basis Adjustment to the Service Charge” means the Association’s standard basis adjustment to the Service Charge for credits in the currency of denomination of the Credit, in effect at 12:01 a.m. Washington, D.C. time, on the date on which the Credit is approved by the Executive Directors of the Association, and expressed either as a positive or negative percentage per annum.
2. “Caribbean Biodiversity Fund” or “CBF” means the regional environmental fund established in 2012 to provide a sustainable flow of resources for the conservation, protection and maintenance of biodiversity in the Caribbean region.
3. “General Conditions” means the “International Development Association General Conditions for IDA Financing, Development Policy Financing”, dated December 14, 2018.
4. “Income Tax Act” means the Recipient’s Act dated 2009.
5. “Program” means: the program of objectives, policies, and actions set forth or referred to in the letter dated March 25, 2019 from the Recipient to the Association declaring the Recipient’s commitment to the execution of the Program, and requesting assistance from the Association in support of the Program during its execution and comprising actions taken, including those set forth in Section I of Schedule 1 to this Agreement, and actions to be taken consistent with the program’s objectives.
6. “St. Vincent and the Grenadines Conservation Fund” or “SVGCF” means the fund created by a decision of the Recipient’s Cabinet dated May 27th, 2015 to provide a sustainable flow of funds to support the long-term management and expansion of Recipient’s National System of Protected Areas and other activities that contribute substantially to the conservation, protection and maintenance of biodiversity in the Borrower’s territory.
7. “Signature Date” means the later of the two dates on which the Recipient and the Association signed this Agreement and such definition applies to all references to “the date of the Financing Agreement” in the General Conditions.
8. “Single Withdrawal Tranche” means the amount of the Financing allocated to the category entitled “Single Withdrawal Tranche” in the table set forth in Part B of Section II of Schedule 1 to this Agreement.